

BILL # SB 1219

SPONSOR: Johnson

PREPARED BY: Jay Chilton

TITLE: NOW S/E: developmental disability providers

STATUS: As Amended by Senate PSHS

FISCAL ANALYSIS

Description

The bill would require the annual study of the adequacy of Title XIX Division of Developmental Disabilities (DDD) reimbursement rates to include contract amendments. It would also require DDD to disclose certain information to providers, and would require providers to notify DDD when certain emergency situations arise. DDD would be required to resolve the situations within 30 days.

Estimated Impact

The bill would likely generate additional costs that cannot be quantified. Amending the annual reimbursement rate study would probably increase rates, though the magnitude of that increase cannot be determined in advance.

The bill may also increase costs to the Department of Economic Security (DES) when providers place clients in temporary alternative placements in emergency situations. That impact depends upon usage, which also cannot be determined in advance.

DES does not have a cost estimate for the bill.

Analysis

Pursuant to A.R.S. § 36-2959, DDD contracts with an independent consulting firm for an annual study of the appropriateness and adequacy of the Title XIX reimbursement rates to service providers for the developmentally disabled. The consultant provides a recommendation for annual inflationary costs. Adjustments to rates are then made by the Arizona Health Care Cost Containment System (AHCCCS) based on service utilization, inflation, and policy changes approved by the Legislature or required by federal law or court mandate. In past years, studies have stated that rates were appropriate and adequate.

DDD enters into contracts with organizations which provide services to clients. These contracts can be amended after they have been initially agreed upon. In the past 5 years there have been 12 amendments. Contract amendments may affect a provider's cost of providing services. For example, one recent amendment required training for employees in certain types of developmental homes to conform to DES' standards for training for foster care families, whereas previously the vendor chose the training curriculum. Vendors may have incurred some additional costs in changing in their training programs.

These amendments are currently not considered in the setting of rates unless they are made in response to state or federal law. Under this bill, the independent consultant would be required to include such contract amendments in its recommendation for annual inflationary costs. The recommendation, however, need not be implemented by AHCCCS. As a result, the bill may affect reimbursement rates. Without knowing the specific contract amendments that might be issued, however, it is impossible to determine the potential magnitude of the impact.

The bill would also require the disclosure of certain information to service providers, but this would not impose any new costs on the agency.

Local Government Impact

None

3/14/08